

## **OTC LETTERS OF DETERMINATION IN CHAPTER 7 CASES AND LIEN RELEASES FOR DISCHARGED TAXES**

The OTC is offering to Chapter 7 debtors an administrative determination of what state taxes the OTC will treat as discharged in their Chapter 7 bankruptcy cases. Upon request by letter, the OTC will provide a debtor, or counsel for the debtor, a written determination of what state taxes the debtor owes and which taxes, penalties and interest will, in the OTC's opinion, be discharged. The determination letter will also specify which liabilities are nondischargeable and reason(s) therefore. The written determination will be provided within 30 days. Letters of determination will give debtors the assurance as to what liabilities have been discharged without the cost of an adversary proceeding.

For discharged taxes, penalties and interest, for which the OTC has a perfected lien (tax warrant) filed prior to bankruptcy, the OTC retains its lien on exempt property under Bankruptcy Code § 522 (c)(2)(B) and can enforce its lien by seizure or suit after the stay has been lifted. The OTC will give a debtor who wishes to retain exempt property or who wishes to have the tax liens (tax warrants) released an opportunity to pay the amount of the equity in the property as of the petition date. Upon full payment, the OTC will release its tax liens.

Requests for letters of determination and/or release of tax liens should be sent to Oklahoma Tax Commission, Bankruptcy Section, P.O. Box 53248, Oklahoma City, Oklahoma 73152-3248. If you have any questions concerning the above please call (405) 521-3141.